

# BUDGET LETTER

<b>SUBJECT:</b> 2005-06 BUDGET CHANGE LETTERS (FINANCE LETTERS)	<b>NUMBER:</b> 05-01
<b>REFERENCES:</b>	<b>DATE ISSUED:</b> January 20, 2005
	<b>SUPERSEDES:</b> BL 04-02

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

**NOTE: Each department with a Capital Outlay program should provide a copy of this Budget Letter (BL) to its facility manager. Similarly, please provide a copy to Information Technology Officers.**

## FINANCE LETTERS

Due to the fiscal constraints facing the State, no General Fund Finance Letter requests will be accepted during the spring process unless previously agreed upon by the Department of Finance (Finance). The deadline for non-General Fund requests is February 14, 2005. Finance will accept only non-General Fund proposals of critical importance that cannot be deferred to the 2006-07 budget process.

Compliance with the February 14 deadline is critical so that the Administration can submit Budget modifications to the Legislature in a timely manner, consistent with Government Code Section 13308. This statute requires Finance to provide to the Legislature, by April 1, all proposed policy adjustments with the exception of enrollment/caseload/population (ECP) driven changes in the May Revision and Capital Outlay adjustments, which are submitted to the Legislature by May 1. Requests that do not meet the above criteria will be returned without review.

## INFORMATION TECHNOLOGY FINANCE LETTERS

Finance Letters requesting funding for critical information technology (IT) projects require Finance approval of a Feasibility Study Report (FSR), Special Project Report (SPR), or equivalent document. Pursuant to BL 04-09 and the State Information Management Manual (SIMM) Sections 20 and 30, departments are required to submit copies of the FSR, SPR, or equivalent document to Finance, to the Legislative Analyst's Office, and, as applicable to the Department of General Services. Departments should have submitted FSRs, SPRs, or equivalent documents to Finance no later than January 18, 2005, as directed in BL 04-09, in order for Finance to consider the associated IT Finance Letter requests. Comprehensive information for IT project reporting, including instructions to assist departments in meeting Finance reporting requirements, can be found in SIMM located at <http://www.dof.ca.gov/HTML/IT/SIMM/SIMM.htm>

## CAPITAL OUTLAY FINANCE LETTERS

Finance Letter requests for FY 2005-06 will continue the use of the forms developed and utilized for the 2004-05 Governor's Budget development process (see BL 02-41). All Capital Outlay Finance Letter

requests must include fiscal impact worksheets (FIW) and must be provided in both hard copy and electronically via e-mail. **All fiscal detail related to Capital Outlay Finance Letter requests must be entered in column F** (April 1 Action) in the FIW (Excel spreadsheet).

## **CAPITAL OUTLAY TECHNICAL FINANCE LETTERS**

Government Code Section 13308 requires that all proposed adjustments to the Governor's Budget in appropriations for capital outlay are submitted to the Legislature by May 1. Traditionally, the May Technical Letter includes updates to reflect new budget package information, reversions associated with project terminations, and reappropriations to reflect unanticipated changes in project schedules. Departments intending to submit May Technical Letter requests should discuss with the Finance budget analyst appropriate submission dates to ensure compliance with the statutorily established deadline.

## **MAY REVISION**

Government Code Section 13308 requires the submission of the traditional May Revision to the Legislature by May 14. The traditional May Revision includes updated estimates of revenues; proposals to adjust expenditures to reflect updated revenue estimates, if necessary; and proposals to adjust Proposition 98 and ECP programs. Departments traditionally affected by ECP changes should discuss with the Finance budget analyst appropriate submission dates to ensure compliance with the May Revision deadline.

If you have any general questions, please contact your Finance budget analyst. Contact your Office of Technology Review, Oversight, and Security or capital outlay analyst for questions related to IT or capital outlay requests, respectively.

/s/ Michael C. Genest

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